

Dennis C. Prouty  
Director  
515/281-5279  
dennis.prouty@legis.state.ia.us

**STATE OF IOWA  
LEGISLATIVE FISCAL BUREAU**

State Capitol  
Des Moines, Iowa  
50319

**MEMORANDUM**



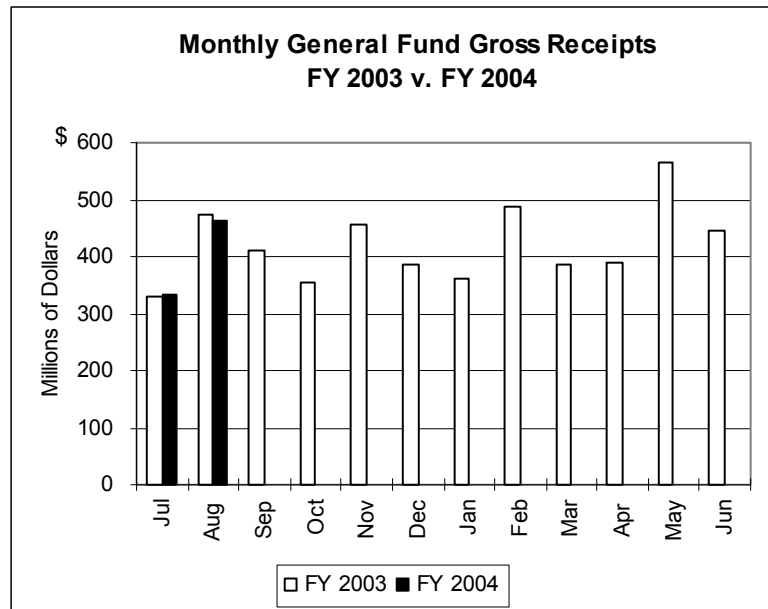
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: September 3, 2003

**Monthly General Fund Receipts through August 31, 2003**

The attached spreadsheet presents total FY 2004 monthly General Fund receipts, with comparable figures for actual FY 2003. These figures can be compared to the FY 2004 estimate (\$5.185 billion) set by the Revenue Estimating Conference (REC) on August 9, 2003. The estimate represents an increase of \$138.0 million (2.7%) compared to actual FY 2003 gross cash receipts (excluding transfers). A date for the next Revenue Estimating Conference has not been scheduled.



## FY 2004 Compared to FY 2003

**Year-to-date FY 2004 total gross revenues** (excluding transfers) decreased \$6.7 million (- 0.8%) compared to the same time period of FY 2003. Major revenue sources contributing to the change include:

- Income withholding tax payments (positive \$25.1 million)
- Income tax estimate payments (negative \$3.8 million)
- Sales & use tax (negative \$3.5 million)
- Corporate tax payments (negative \$14.1 million)
- Insurance premium tax (positive \$4.5 million)
- Interest (negative \$5.1 million)
- Inheritance Tax (negative \$2.9 million)

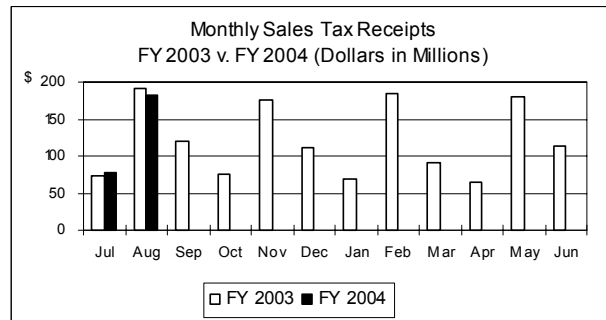
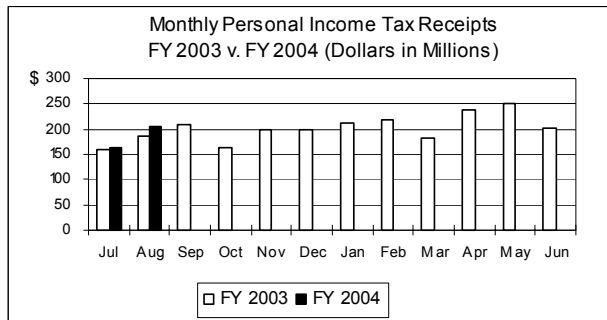
**Personal income tax** revenues received in August totaled \$206.3 million, an increase of \$19.9 million (10.7%) compared to August 2002.

The State tracks personal income tax in three sub-categories.

- During the month of August, withholding tax payments increased \$17.3 million (9.5%).
- Income tax receipts from quarterly estimate payments are not a significant revenue source in August.
- Income tax payments with tax returns increased \$2.8 million (221.5%) in August.

The FY 2004 REC income tax estimate of \$2.515 billion represents a projected increase of 4.0% compared to actual FY 2003. The year-to-date change in personal income tax receipts is 6.6% through August.

The following Chart compares FY 2004 monthly personal income tax receipts from all three sub-categories with FY 2003.



**Sales tax** receipts received in August totaled \$182.5 million, a decrease of \$7.9 million (-4.1%) compared to August 2002.

The REC estimate for FY 2004 sales tax receipts is \$1.450 billion, which represents a decrease of \$0.3 million (- 0.0%) compared to actual FY 2003. The year-to-date growth in sales tax receipts is negative 0.9%.

The preceding Chart compares FY 2004 monthly sales tax receipts with FY 2003.

**Use tax** receipts received in August totaled \$23.4 million, a decrease of \$1.2 million (-4.8%) compared to August 2002.

The REC estimate for FY 2004 use tax receipts is \$259.3 million, which represents an increase of 2.0% compared to actual FY 2003. The year-to-date growth in use tax receipts is negative 2.2%.

**Corporate tax** receipts received in August totaled \$7.7 million, an \$8.8 million decrease (- 53.4%) compared to August 2002.

The REC estimate for FY 2004 corporate tax receipts is \$247.1 million, which represents an increase of 4.3% compared to actual FY 2003. The year-to-date growth in corporate sales tax receipts is negative 43.3%.

**Insurance premium tax** receipts received through August are \$4.5 million (642.0%) above FY 2003. Changes made to insurance premium tax prepayments (SF 2318 – Insurance Tax Reduction Act of 2002) increased June and July receipts by approximately \$10.0 million.

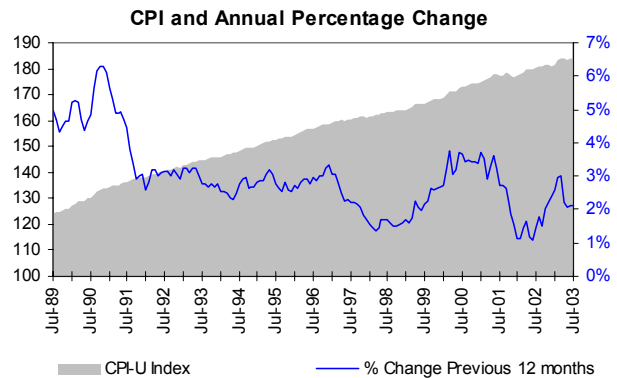
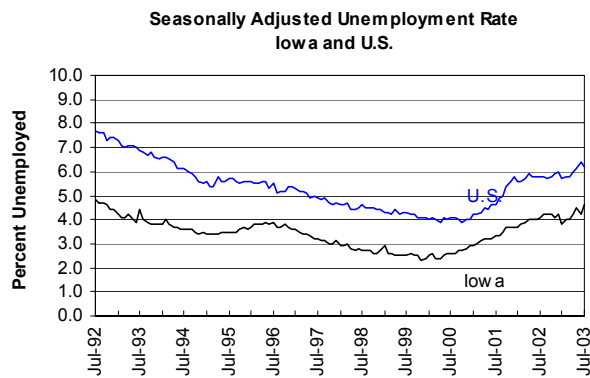
### Status of the Economy

The July seasonally adjusted Iowa civilian unemployment rate was 4.6%, up from the June 2003 rate of 4.2%. The Iowa unemployment rate for July 2002 was 4.1%. Iowa's total adjusted June employment registered at 1,569,300, down 33,500 from last year's level. The number of unemployed persons in Iowa was reported at 74,900 in July, an increase of 5,800 compared to last year's level.

The U.S. unemployment rate in June was 6.2%, 1.6 percentage points above the Iowa rate. The U.S. rate one year ago was 5.8%.

Consumer prices increased 0.11% during the month of July (not seasonally adjusted). The Consumer Price Index (CPI-U) through July 2003 was 183.9 (1983/84=100), 2.1% higher than one year ago.

The following charts illustrate Consumer Price Index and U.S./Iowa unemployment comparisons through July.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's web site at: <http://staffweb.legis.state.ia.us/lfb/revdebt.htm>.

GENERAL FUND RECEIPTS - FY 2003 vs. FY 2004 July 1 through August 31, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 03 Actual Compared to FY 04 REC Estimate		
	FY 2003	FY 2004	Year to Date % CHANGE	August % CHANGE	Actual FY 2003	Estimate FY 2004	Projected % CHANGE
Personal Income Tax	\$ 345.3	\$ 368.1	6.6%	10.7%	\$ 2,417.6	\$ 2,515.1	4.0%
Sales Tax	263.4	261.0	-0.9%	-4.1%	1,450.3	1,450.0	0.0%
Use Tax	50.2	49.1	-2.2%	-4.8%	254.2	259.3	2.0%
Corporate Income Tax	32.6	18.5	-43.3%	-53.4%	237.0	247.1	4.3%
Inheritance Tax	15.2	12.3	-19.1%	-29.2%	88.1	73.1	-17.0%
Insurance Premium Tax	0.7	5.1	628.6%	133.9%	142.2	149.3	5.0%
Cigarette Tax	15.9	14.1	-11.3%	-22.5%	88.1	88.1	0.0%
Tobacco Tax	1.3	1.4	7.7%	-9.3%	7.4	7.0	-5.4%
Beer Tax	2.7	2.7	0.0%	-0.3%	13.9	14.3	2.9%
Franchise Tax	3.5	3.5	0.0%	224.1%	35.3	35.2	-0.3%
Miscellaneous Tax	1.5	0.8	-46.7%	-321.3%	1.1	1.5	36.4%
Total Special Taxes	\$ 732.3	\$ 736.6	0.6%	-0.9%	\$ 4,735.2	\$ 4,840.0	2.2%
Institutional Payments	4.7	2.6	-44.7%	85.3%	16.2	14.9	-8.0%
Liquor Transfers - Profits	5.0	5.0	0.0%	0.0%	40.0	40.0	0.0%
Liquor Transfers - 7% Revenues	1.5	1.5	0.0%	0.0%	9.0	9.0	0.0%
Interest	5.9	0.8	-86.4%	-74.2%	18.1	13.0	-28.2%
Fees	12.6	10.3	-18.3%	-42.0%	72.1	68.4	-5.1%
Judicial Revenue	6.4	7.0	9.4%	-14.6%	54.7	57.3	4.8%
Miscellaneous Receipts	10.1	8.8	-12.9%	47.9%	41.4	82.1	98.3%
Racing and Gaming Receipts	24.5	24.0	-2.0%	-24.5%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 803.0	\$ 796.6	-0.8%	-2.1%	\$ 5,046.7	\$ 5,184.7	2.7%